

Frequently Asked Questions

Taken from a Webinar for Smaller Grantees

Implications of the new GATA rules on providers who have \$300,000 or less in grant funding – Questions with answers provided by Carol Kraus, Director of the Grant Accountability and Transparency Unit in the Governor’s Office of Management and Budget

- **Question:** What new requirements will providers who have \$300,000 or less in grant funding now have to follow?
 - Answer: This is a difficult question to answer this without knowing what has previously been required by your specific agency; however, I will provide an overview:

Grantee Portal Registration and Pre-Qualification

Each grantee or potential grantee must register on the Grantee portal. The grantee portal will be available in the Spring of 2016. The Grantee Portal requires each grantee and potential grantee to register and provide information for pre-qualification. An award cannot be made by a grant making agency until the registration and pre-qualification is completed, however this does not impact the ability to apply for a grant.

1. Registration includes information such as:
 - a. Organization name,
 - b. Address
 - c. FEIN
 - d. DUNS number
 - e. Contact Person
2. Level 1 – Pre-qualification
 - a. Valid DUNS number?
 - b. Included on the State or Federal Debarred and Suspended List?
 - c. Registration with the Federal SAM system?
 - d. Is the grantee in good standing with the Secretary of State?
 - e. Registered with the Board of Elections?
 - f. Currently on the Healthcare and Family Services Sanctioned List?
 - g. Stop payment list?
3. Level 2 - Risk posed by the applicant – both fiscal and administrative and programmatic.
 - a. Fiscal and Administrative Risk will be conducted centrally through the Grantee Pre-qualification and will be shared with all grant making agencies;
 - b. Programmatic Risk – is unique to the grant, therefore it will be conducted in the grant application process;
 - c. Grantees will be rated as low, medium or high risk
 - d. Based on the risk assessment additional specific conditions could be required including but not limited to (2 CFR 200.207):
 1. Requiring payments as reimbursement rather than advance payment
 2. Two month advance and monthly reconciliation (Hardship)

3. More frequent detailed reporting (monthly, instead of quarterly and increased detail line items for reporting)
 4. Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance
 5. More frequent monitoring for both fiscal and administrative and programmatic
 6. Requiring the grantee to obtain technical or management assistance
 7. Establishing additional prior approvals
4. The Pre-qualification and the Programmatic risk requires the following notification to the grantee applicant:
 - a. The nature of the additional requirements
 - b. The reason why the additional requirements are being imposed
 - c. The nature of the action needed to remove the additional requirements, if applicable
 - d. The time allowed for completing the actions, if applicable
 - e. The method for requesting reconsideration of the additional requirements imposed
 5. Indirect cost rate negotiation or de minimis rate are required in order to charge indirect costs including administrative costs to the grant
 - a. Grantee staff must attend training for minimum core requirements, it is strongly recommended that grantees take additional courses offered to assist them in the implementation of GATA including the new federal grant Uniform Guidance (2 CFR 200)
- **Question:** When will these requirements be effective?
 - **Answer:** These requirements will start in FY 17; however the new federal requirements are already in effect for any new grant funding received by the State of Illinois. Some existing grants with incremental funding are subject to the new rules; contact your state grant funding agency to determine if your grant is subject to the new requirements.
 - **Question:** Are all providers who have \$300,000 or less in grant funding now required to have a program audit conducted according to government auditing standards? Are there any exceptions?
 - **Answer:** First I think we need to define a program specific audit -- 2 CFR 200: "...a program audit is an audit conducted in accordance with generally accepted government auditing standards, which is conducted in lieu of a Single Audit either due to the organization type, e.g. a for profit organization or by permission from the awarding agency."
 1. Some key differences between a program audit and a single audit include:
 - a. Single Audit includes an audit of the entire organization's financial statements, in a program audit only the financial reporting that includes the grant funding is included.
 - b. Single Audit requires the auditor to determine which specific programs are to be audited based on factors that include total amount expended by the program and its associated risk, under a program audit, only the specific program is tested.
 2. Grantees who receive less than \$300,000 would not be subject to either the Single audit or a program audit
 3. Grantees could be subject to an Agreed-Upon Procedures (**AUP**) audit. (2 CFR 200.425) Under the new regulations, unless the grantee is not subject to the Single Audit or Program Audit requirements, the only type of audit that can be charged to a state or federal award is an AUP audit.
 4. The AUP must meet the following conditions:

- a. Conducted in accordance with Generally Accepted Government Auditing Standards
 - b. Paid for and arranged by the pass-through entity (State or grantee pass-through)
 - c. Is limited in scope to one or more of the following types of compliance:
 - i. Activities allowed or unallowed;
 - ii. Allowable cost/cost principles;
 - iii. Eligibility;
 - iv. Reporting
- **Question:** What is the difference between a program audit and a program audit conducted according to government auditing standards?
 - **Answer:** Program specific audits are required to be conducted in accordance with GAGAS.
- **Question:** Are there restrictions on who a provider can select to perform a program audit?
 - **Answer:** Selection of an auditor is up to the provider, however there are additional requirements for the auditor, generally rules include requirements that must be followed in conducting a financial statement audit and the auditor must meet the Government related CPE requirements.
- **Question:** If required, how often will a program audit be required, annually or when? Are there any exceptions?
 - **Answer:** There are no exceptions to the annual audit requirements for program or single audits
- **Question:** Are new compliance requirements such as the program audit a cost that can be reimbursed? If yes, how?
 - **Answer:**
 1. If you are subject to a financial statement audit (do not meet the \$750,000 threshold) then the cost of a financial audit can be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.
 2. If you are subject to the Single audit (meet the \$750,000 threshold) or qualify and receive prior approval to have audit conducted in lieu of a Single audit, then those cost would be allocated among all of the program (Single Audit) or charged directly for the program audit
- **Question:** How can a provider take steps to prepare their operations and staff for a program audit and any additional new requirements under GATA?
 - **Answer:**
 1. Review the new federal guidelines, GATA rules and the FAQs. The GATA website provides the latest information including a resource library.
 2. Attend GATA webinars, a recording of webinars can also be found on the GATA website
 3. As part of GATA we are providing training via webinars that is available to all grantee and their staff.